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CREDIT AGREEMENT BETWEEN THE GOVERNMENTS OF THE GDR AND THE DEMOCRATIC
PEOPLE'S REPUBLIC OF KOREA

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CREDIT AGREEMENT

The government of the GDR proclaims its eagerness to support the Korean people and their government in the struggle for a unified, democratic, peace-loving Korea and in the development of the Korean economy. For that purpose, the two governments have concluded the following agreement:

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S-E-C-R-E-TArticle 1

The government of the GDR extends to the government of the Democratic People's Republic of Korea credit in the amount of 30 million rubles at an annual rate of interest of one percent.

Article 2

The credit may be applied to the purchase of the commodities listed in Attachment 1. Attachment 1 is an integral part of this agreement and may be supplemented by mutual consent.

Article 3

As a general rule, the credit can be applied to deliveries of commodities only up to 30 June 1953.

Settlement is to take place on the basis of a trade agreement between the two governments to be concluded later.

Article 4

Commodities are to be delivered on the basis of contracts which are to be concluded between representatives of the trade organizations of the two countries.

Article 5

The prices for the commodities to be delivered are to be set (in rubles) on the basis of the October 1950 world market prices.

Article 6

The commodities are to be packed in such a way that arrival at their destination in perfect condition can be guaranteed, taking into account their special characteristics, climatic conditions, and normal handling in transit.

Every package of the goods to be delivered must be marked in indelible ink in both German and Russian, as follows:

- a. Korean designation, as laid down in the contract.
- b. Producer's trade-mark.
- c. Consecutive number of the package.
- d. Destination.
- e. Gross and net weights.
- f. Special markings according to the characteristics of the commodity, such as: "Handle with care, fragile;" "This side up;" "Inflammable," etc.

Article 7

The goods are to be shipped by rail, by consolidated LCL (less-than-carload) freight, fob the Chinese-Korean border.

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The seller must see to it that, in addition to the original way bill, the following documents accompany the commodities:

- a. Merchandise invoice, in duplicate.
- b. Packing list, in duplicate.
- c. Quality certificate, one copy.

All documents must be executed in both German and Russian.

Article 8

The delivered goods must be paid for immediately after submission of the documents indicated below from a credit account (no charges to be made for handling) to be established under this agreement for the North Korean Central Bank by the Deutsche Notenbank (German Bank of Issue):

- a. Carrier's shipping receipt.
- b. Merchandise invoice, in duplicate.
- c. Detailed merchandise list, in duplicate.
- d. Quality certificate, one copy.

The documents must be executed in both German and Russian.

Article 9

If the need arises, technical details with regard to settlement under this agreement are to be arranged between the Deutsche Notenbank and the North Korean Central Bank.

Article 10

Claims resulting from quality or quantity deficiencies which must be substantiated are to be settled through banking procedures, after purchaser and seller have agreed, in writing, on price reduction or cancellation of the item.

All claims must be submitted no later than 6 months after the date of the way bill.

Article 11

This agreement is effective from the date of its ratification.

Article 12

This agreement is to be executed in two original copies, both of them in the German, Korean, and Russian languages, whereby the German and Korean version have equal validity. If a difference of opinion should arise in the interpretation of the agreement, then the Russian text is to be considered as authentic.

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COMMODITY LIST

Attachment 4 to the Credit Agreement Between the Governments of the GDR
and the Democratic People's Republic of Korea

<u>Commodity</u>	<u>Unit of Quantity</u>	<u>Quantity</u>	<u>Value (rubles)</u>
Lathes, up to 250 mm	ea	35	774,223
Lathes, 250-550 mm	ea	6	252,987
Backing-off lathes	ea	2	54,152
Vertical turning and boring mills, up to 1,600 mm	ea	1	63,290
Vertical turning and boring mills, over 1,600 mm	ea	1	207,987
Vertical milling machines	ea	7	128,814
Gear-shaping and planing machines	ea	4	228,566
Jig drills	ea	2	130,661
Boring and milling machines, up to 100 mm	ea	2	77,416
Other boring and milling machines	ea	4	103,316
Broaching and keyseating machines	ea	1	19,938
Parallel-planing machines, up to 1,600 mm	ea	1	142,485
Horizontal shaping machines	ea	42	903,715
External circular grinding machines	ea	2	70,140
Plane grinding machines	ea	2	53,332
Internal circular grinding machines	ea	1	48,793
Centerless circular grinding machines	ea	1	65,697
Tooth-grinding machines	ea	3	208,804
Tool-grinding machines	ea	12	109,131
Lapping and honing machines	ea	3	93,276
Other grinding machines	ea	3	21,443
Single-spindle boring machines, up to 20 mm diameter	ea	6	5,448
Single-spindle boring machines, 20-40 mm diameter	ea	19	139,677

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<u>Commodity</u>	<u>Unit of Quantity</u>	<u>Quantity</u>	<u>Value (rubles)</u>
Radial boring machines, over 40 mm diameter	ea	1	36,337
Blocks and tackle	ea	73	36,256
Pest-control equipment	ea	3	12,340
Oxygen installations	ea	5	5,440,000
Air compressors up to 500 cubic meters per hour	ea	10	310,976
Compressing machines	ea	6	157,921
Electric refrigerators	ea	56	222,214
Drills			88,583
Millers			42,806
Other cutting tools			32,065
Machinists' and assembling tools			2,545
Other tools			66
Enamelware			8,263
Other metalware			10,130
Electric tools			121,729
Analytical balances			84,944
Platform balances			43,853
Beam balances			132,630
Weighing lever (with movable jockey) beam balances			36,080
Grinding disks			89,175
Measuring instruments			45,605
Machines and equipment for materials testing			51,191
Miscellaneous lenses			1,177
Miscellaneous photographic and motion-picture attachments			147,854
Geodetic equipment			27,074
Microscopes			4,504

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<u>Commodity</u>	<u>Unit of Quantity</u>	<u>Quantity</u>	<u>Value (rubles)</u>
Optical equipment for physical sciences			670
Spectacles			6,500
Other laboratory equipment			357,305
Hydrological and meteorological-geophysical equipment			2,950
Vibration frequency meters and geophysical equipment			3,960
Temperature-measuring devices			9,359
Gas-measuring devices for industrial plants			279,555
Gas meters			1,772
Other control and measuring devices			753
Equipment for medical examinations			125,922
Medical instruments			4,160
Equipment for medical treatment			289,076
Installations for medical treatment			2,714,935
Products used in jaw prosthesis			994
Miscellaneous motion-picture apparatuses			130,900
Mirror-reflex cameras			57,597
Other cameras			1,700
Drawing instruments			74,556
Drawing dies			15,307
Electric motors			95,500
AC motors, up to 1 kilowatt			11,340
AC motors, 1-10 kilowatts			87,099
AC motors, 10-50 kilowatts			103,346
AC motors, 50-100 kilowatts			29,334
High-voltage AC motors, up to 1,000 kilowatts			121,800
Other electric motors			3,762

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<u>Commodity</u>	<u>Unit of Quantity</u>	<u>Quantity</u>	<u>Value (rubles)</u>
DC motors and generators, up to 10 kilowatts			6,416
Electric generators up to 40 kilowatts			2,010
High-voltage condensers			182,298
Electric furnaces			47,740
Transport. Elektrostat. [Portable electric power stations?]			491,876
Lighting fixtures			16,447
Storage batteries			212,920
Large electric bulbs			178,389
Electric measuring and testing installations			525,705
Electric measuring instruments			414,906
Electric apparatuses for medical use			12,650
Carbon electrodes			765
Electric converters			6,830
High-voltage relays			18,373
Protective switches for motors			12,248
Miscellaneous low-voltage equipment			80,134
Mercury-vapor rectifiers			30,585
Dry rectifiers			232,327
Carrier-frequency installations			213,940
Long-distance circuit and transmitter installations			270,365
Telegraphic installations			50,600
Electroacoustic installations			197,246
Radio transmitting installations and other high-frequency equipment			90,211
Structural elements for communications equipment			15,804
Instruction materials			66,124

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<u>Commodity</u>	<u>Unit of Quantity</u>	<u>Quantity</u>	<u>Value (rubles)</u>
Sodium thiosulfate	tons	3.15	4,436
Potash	tons	0.9	1,799
Inorganic basic chemicals	tons	2.1	8,515
"Polyplasta" [plastic material?]	tons	2.0	7,150
Miscellaneous organic basic chemicals	tons	0.3	1,650
Photographic and motion-picture film			180,464
Film for copying purposes			436,376
X-ray film			10,440
Photographic paper			58,902
Photographic chemicals	tons	0.475	10,992
Magnetic recording tape	kilometers	1,000	31,200
100-percent DDT	tons	32.0	80,000
Lacquer and paint	tons	1.0	4,582
Printing ink	tons	13.86	113,311
Penicillin			424,000
Opaque substances for X-rays [e.g., barium sulfate]	tons	0.65	1,928
Catgut			72,620
Other pharmaceutical specialties			3,322,888
Miscellaneous pharmaceutical chemicals and intermediate products	tons	0.45	30,130
Miscellaneous rubber products			22,370
V belts	ea	17,000	300,000
Other products of the rubber and asbestos industries			25
Cresol fractions	tons	31.0	132,772
Paraffin wax	tons	1.0	2,061
Other products of the petroleum and tar-products industry	tons	10.15	37,266
Dental porcelain			1,600

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<u>Commodity</u>	<u>Unit of Quantity</u>	<u>Quantity</u>	<u>Value (rubles)</u>
Electric and industrial ceramics			3,661
Chemical and acidproof stoneware			1,000
Industrial hollow glass			1,923
Industrial and scientific glass thermometers	ea	20	385
Clinical thermometers	ea	5,000	5,180
Other processing of glass			4,800
Canvas, tarpaulin			652,000
Blankets	ea	50,000	339,500
Muslin and gauze			1,021,293
Machines for the graphic industry (already delivered)			580,663
<u>Total</u>			<u>26,924,252</u>

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